



BlackRock Global ETP Landscape

Industry Highlights | December 2018



The opinions expressed are as of December 31, 2018 and may change as subsequent conditions vary.

FOR WHOLESALE CLIENTS ONLY – NOT FOR FURTHER DISTRIBUTION

MKTGH0119A-713564-1/11

Summary

Global ETPs collect more than \$500 billion in 2018 amid volatile global equity markets

- Global ETPs collected \$67.2bn in December – the second best month of the year - boosting full year flows to \$514.8bn making it the second best year on record behind 2017, amid more volatile stock market conditions in 2018.
- December flows were driven by Fixed Income with \$23.5bn, U.S. Equity with \$14.5bn, Global Developed Market (DM) Equity with \$13.8bn, Emerging Markets Equity with \$13.0bn.
- Full year flows of \$514.8bn are lower than last year’s \$659.3bn, but some exposures captured record flows this year including Treasury/Sovereign Bond funds with \$64.2bn amid tighter financial conditions in 2018 including higher interest rates, a stronger dollar and more volatile stock markets.
- Additionally within Fixed Income, rising interest rates spurred Short Maturity funds flows to a new record of \$70.0bn – more than half of all Fixed Income flows.
- Other new annual flow records include Emerging Markets Equity funds with \$66.4bn, Japanese Equities with \$67.1bn, and Smart Beta Multi-Factor Equity funds with \$14.0bn.

BlackRock ETP Research

A cross-regional team analyzing global markets to deliver insights on the intersection of investment trends and ETP flows

For inquiries, please email ETPResearch@BlackRock.com

Global ETP Overview	3
United States	7
Europe	10
Asia Pacific	13
Canada	16
Latin America	19
Endnotes	21

Global ETP Highlights

Global ETPs collected \$67.2bn in December – the second best month of the year - boosting full year flows to \$514.8bn making it the second best year on record behind 2017, amid more volatile stock market conditions in 2018 (see “Spotlight on Annual ETP Flows” below).

December flows were driven by **Fixed Income** with \$23.5bn, **U.S. Equity** with \$14.5bn, **Global DM Equity** with \$13.8bn, **Emerging Markets Equity** with \$13.0bn.

Full year flows are lower than last year but some exposures captured record flows this year including **Treasury/Sovereign Bond** funds with \$64.2bn vs. the previous record high in 2014 with \$19.5bn - amid tighter financial conditions in 2018 including higher interest rates, a stronger dollar and more volatile stock markets. On the flip side, **High Yield Bond** funds shed (\$10.5bn), the highest annual outflows on record.

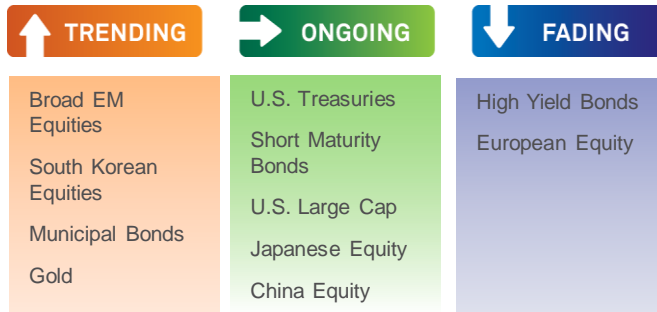
Additionally within **Fixed Income**, rising interest rates spurred **Short Maturity** funds flows to a new record of \$70.0bn – more than half of all Fixed Income flows. Top categories included **Treasury/Sovereign Short Maturity** funds with \$41bn, **Govt/Corporate Short Maturity** with \$14.1bn, and **Investment Grade Corporate Short Maturity** with \$12.6bn.

Emerging Markets Equity funds gathered a record \$66.4bn driven by record **China Equity** flows of \$28.5bn and **South Korea Equity** flows of \$10.5bn, both largely from locally-listed funds.

Japanese Equity funds took in a record \$67.1bn this year compared to last year’s high of \$55.0bn.

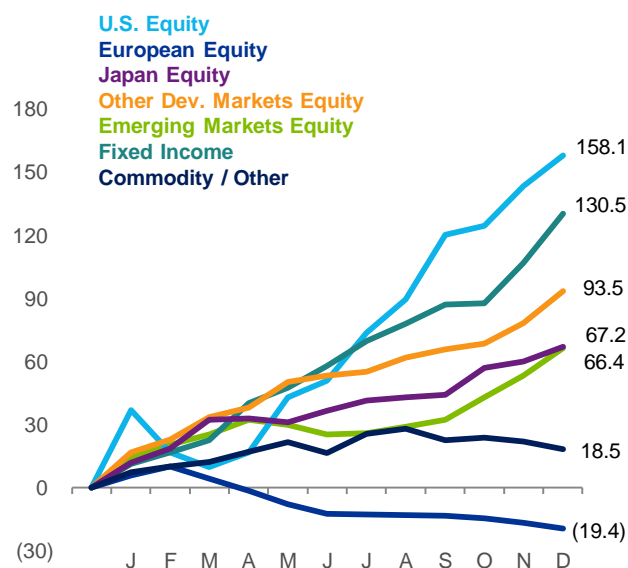
Within **Smart Beta**, **Multi-Factor Equity** funds took in a record \$14.0bn and other categories were near record levels including **Single Factor Equity** funds with \$8.8bn compared to \$9.4bn last year, and **Low Volatility Equity** funds with \$11.5bn compared to \$12.4bn in 2016.

Key investment themes / ETP flow trends



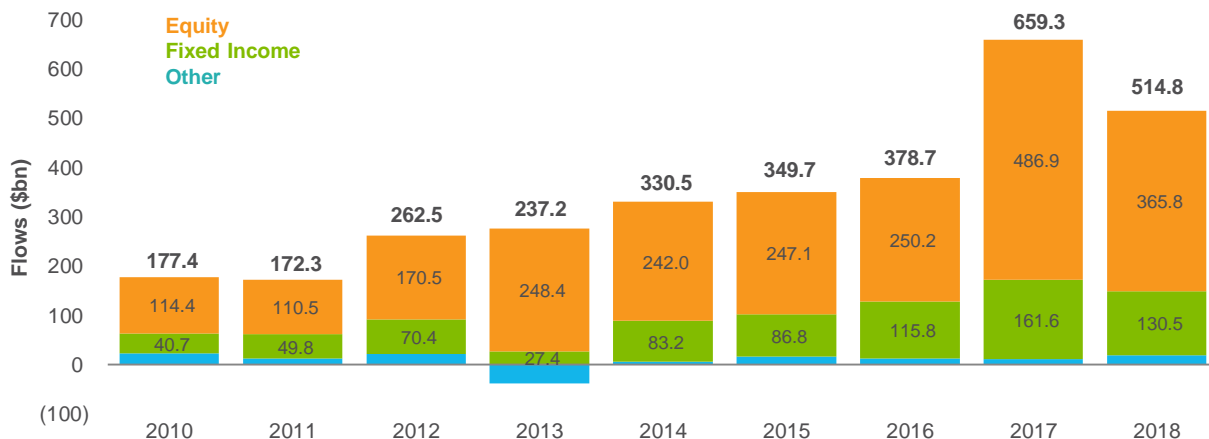
Global ETP Flows by Asset Class & Exposure¹

2018 flows: \$514.8bn



Spotlight on Annual ETP Flows¹

2018 Flows did not eclipse 2017, but new flow records were set in some equity and fixed income categories including Treasury/Sovereign Bonds, Emerging Markets Equities and Japanese Equities



AUM (\$bn)	2010	2011	2012	2013	2014	2015	2016	2017	2018
	1,451	1,494	1,908	2,363	2,749	2,961	3,502	4,758	4,792

Year-to-date Overview

RESULTS AT A GLANCE¹

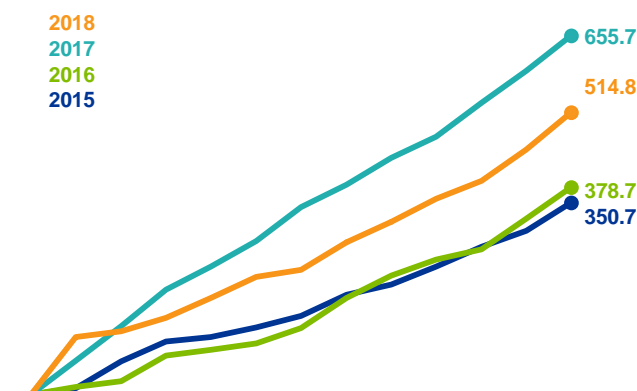
(US\$bn)	Dec 2018	Dec 2017	Dec 2016
Monthly flows	47.4	64.4	57.4
Year-to-date flows	514.8	659.3	378.7
Assets	4,792	4,758	3,502
# of ETPs	8,204	6,354	6,053

SMART BETA FLOWS BY TYPE¹

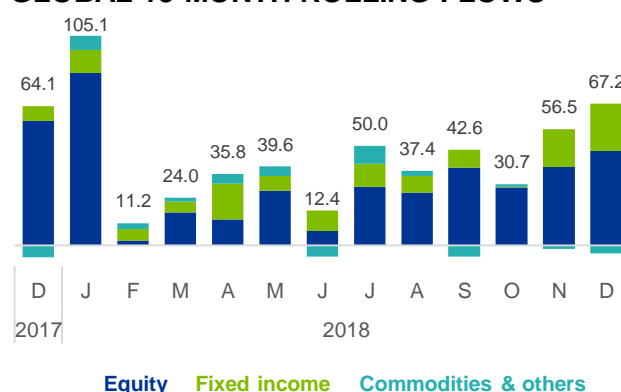
(US\$bn)	Dec 2018 Flows	2018 YTD Flows	Current Assets
Dividend	6.3	16.2	191
Multi-Factor	0.4	16.4	81
Low Volatility	4.1	12.2	65
Equal Weight	(1.5)	(0.9)	43
Single Factor	(0.5)	8.8	46
Fixed Income	(0.4)	(1.0)	9
Grand Total	8.4	51.7	435

CUMULATIVE ETP FLOWS¹

Year-to-date flows: \$514.8bn

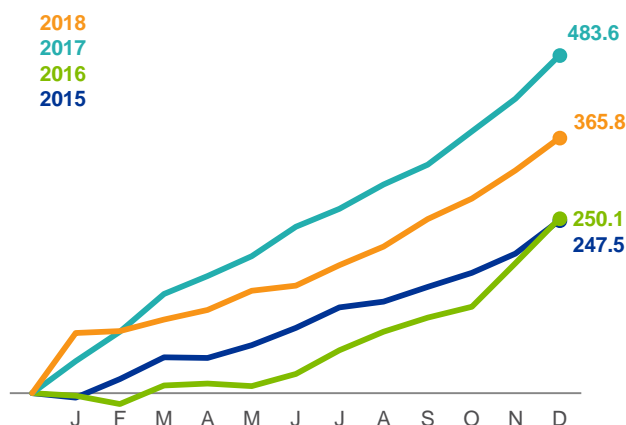


GLOBAL 13-MONTH ROLLING FLOWS¹



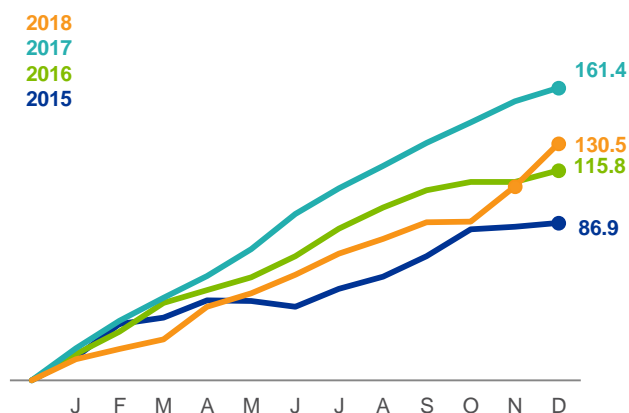
CUMULATIVE EQUITY ETP FLOWS¹

Year-to-date flows: \$365.8bn



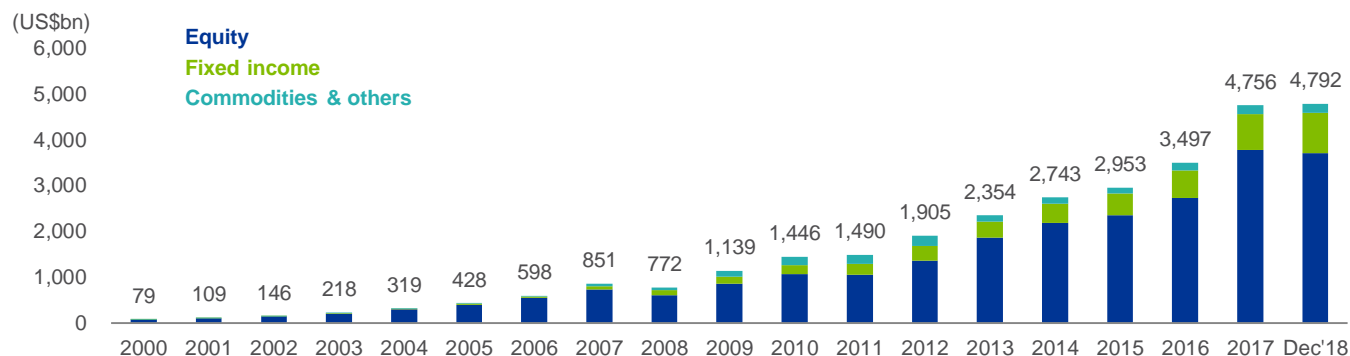
CUMULATIVE FIXED INCOME ETP FLOWS¹

Year-to-date flows: \$130.5bn



Year-to-date Overview (cont'd)

GLOBAL ETP ASSETS¹



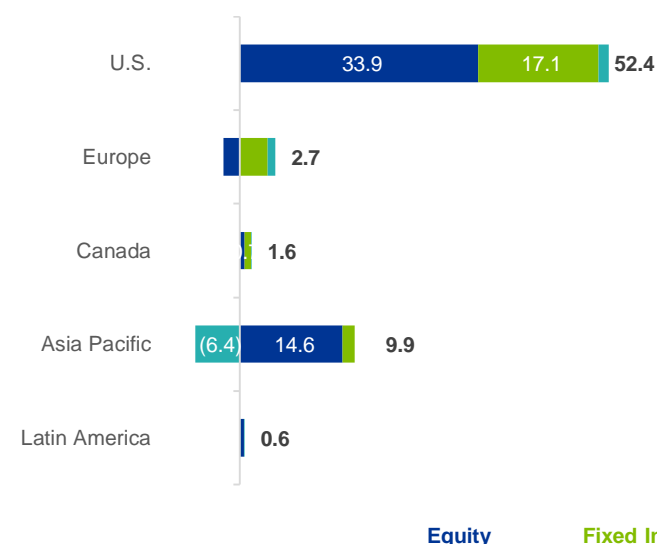
ETP Assets and Flows By Listing Region

ASSETS BY LISTING REGION¹

(US\$bn)	Equity	Fixed Income	Commodity & others	Total
U.S.	2,660	632	85	3,377
Europe	515	192	73	780
Canada	77	33	5	115
Asia Pacific	447	25	40	512
Latin America	8	0	0	8
Total	3,707	882	202	4,792

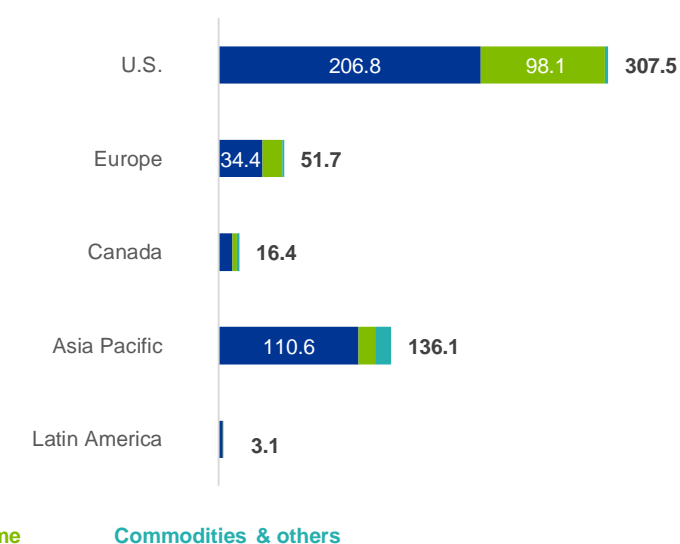
MONTH-TO-DATE FLOWS BY LISTING REGION¹

Month-to-date flows: \$67.2bn



YEAR-TO-DATE FLOWS BY LISTING REGION¹

Year-to-date flows: \$514.8bn



ETP Assets and Flows by Exposure¹

(US\$bn)		December Flows	2018 YTD Flows	Current Assets	
Equity	U.S.	14.6	158.1	2,100	
	Broad Developed Markets	13.8	85.7	536	
	Asia-Pacific	8.5	69.5	408	
	Europe	(2.6)	(19.4)	252	
	Canada	0.2	5.5	41	
	Developed Equity	34.4	299.5	3,337	
	Single Country	7.5	43.8	162	
	Broad	5.3	21.6	200	
	Regional	0.2	1.0	9	
	Emerging Markets Equity	13.0	66.4	370	
	Equity Total	47.4	365.8	3,707	
	Fixed Income	Investment Grade Corp	0.1	19.7	226
		High Yield Corp	(1.8)	(10.5)	54
Broad		4.5	20.4	148	
U.S. Treasury		13.6	56.9	130	
Sovereign		2.7	7.3	54	
Municipal		2.1	6.3	38	
Emerging Markets Debt		0.1	9.7	58	
Other Fixed Income		2.2	20.8	174	
Fixed Income Total	23.6	130.5	882		
Commodities	Gold	3.2	5.1	97	
	Crude oil	0.7	(1.7)	7	
	Silver	(0.2)	(0.0)	9	
	Agriculture	(0.1)	(0.2)	3	
	Other Precious Metals	(0.0)	(0.4)	3	
	Other Commodities	(1.2)	(2.1)	19	
	Commodities Total	2.3	0.7	137	
Other	Other Total	(6.1)	17.7	656	
Grand Total		67.2	514.8	4,792	

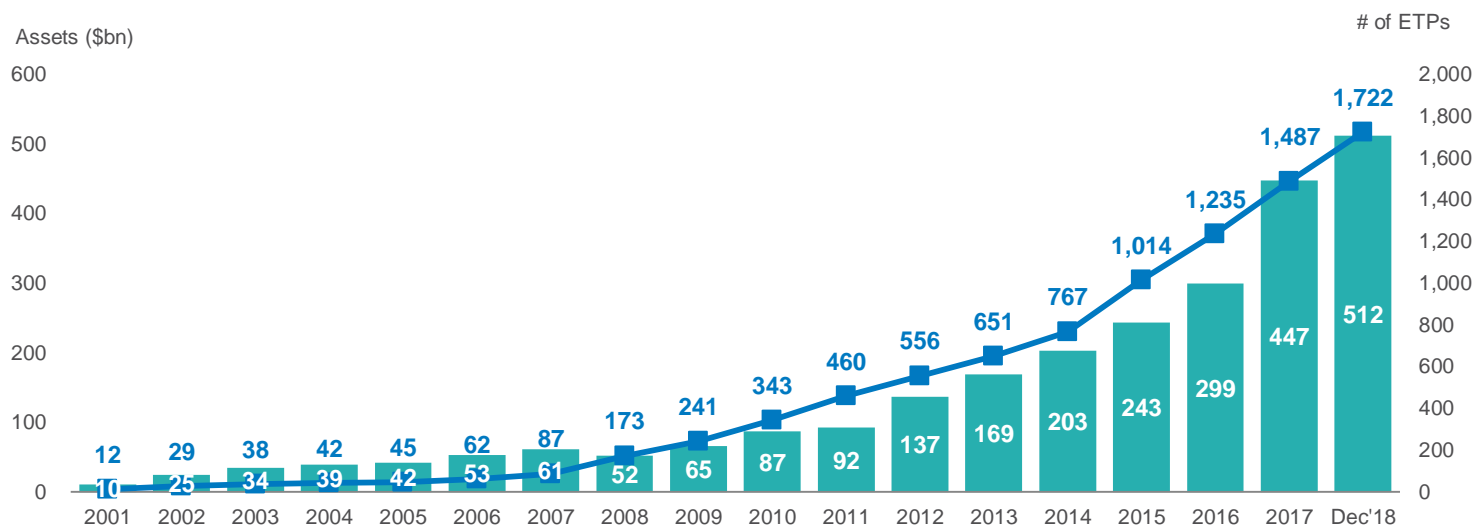
BLACKROCK®

Asia Pacific ETPs



Asia Pacific ETP Multi-Year Asset Growth and Top 10 Providers

Asia Pacific ETP Assets & Number of ETPs by Year¹



Asia Pacific ETP Providers Ranked by Assets (US\$bn)¹

Provider *	Month end Assets	Market Share %	Month Flows	YTD Flows
Nomura	138.3	27.03%	3.8	33.5
Nikko Asset Management	61.2	11.96%	1.6	13.0
Daiwa Asset Management	59.7	11.67%	1.9	14.3
Mitsubishi UFJ	26.1	5.10%	0.9	5.6
iShares	23.5	4.59%	0.2	5.2
Samsung Asset Management	19.6	3.83%	1.1	5.2
State Street	18.6	3.63%	0.1	(0.5)
Fortune SG Fund Management	15.9	3.11%	(3.4)	7.3
China Asset Management	13.7	2.67%	1.0	5.5
Yuanta	10.8	2.12%	1.4	4.7
Other Providers	124.2	24.29%	1.3	42.2
Grand Total	511.6	100.00%	9.9	136.1

* Providers measured at parent company level.

Asia Pacific ETP Multi-Year Asset Growth and ETP Flows and Assets by Exposure

Asia Pacific ETP Flows and Assets by Exposure¹

(US\$bn)		Month Flows	YTD Flows	Current Assets
Equity	Asia-Pacific	8.7	74.4	334.6
	Broad Developed Markets	0.1	2.9	7.8
	U.S.	0.0	0.6	4.8
	Europe	0.0	0.0	0.9
	Developed Equity	8.9	77.9	348.2
	Emerging Markets Equity	5.7	32.8	98.6
	Equity Total	14.6	110.6	446.8
Fixed Income		1.7	12.7	25.0
Commodities		0.4	0.4	5.5
Money Market		(6.6)	12.7	33.4
Alternatives		(0.1)	(0.2)	0.5
Currency		(0.0)	(0.2)	0.5
Grand Total		9.9	136.1	511.6

Endnotes

The ETP (or exchange traded product) category encompasses any portfolio exposure security that trades intra-day on an exchange. The data for this report are captured from a number of sources by BlackRock, including provider websites, fund prospectuses, provider press releases, provider surveys, Bloomberg, the National Stock Exchange, Strategic Insight Simfund, and Wind. All amounts are reported in US dollars. Flows are derived using daily net asset values and shares outstanding using the most recent data we can capture at month-end. For products with cross-listings, we attribute net flows and assets to the primary listings. Product level information is aggregated by provider, asset class, exposure, and listing region to produce the various analyses in the report.

1. Data is as of December 31, 2018 for all regions. Global ETP flows and assets are sourced using Markit, as well as BlackRock internal sources. Flows for the years between 2010 and 2015 are sourced from Bloomberg as well as BlackRock internal sources. Flows for years prior to 2010 are sourced from Strategic Insights Simfund. Month to date and Year to date flows by Listing Region exclude Middle East and Africa. Asset classifications are assigned by BlackRock based on product definitions from provider websites and product prospectuses. Other static product information is obtained from provider websites, product prospectuses, provider press releases, and provider surveys. Market returns are sourced from Bloomberg.

Index performance is for illustrative purposes only and does not represent actual Fund performance. Index performance does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

About BlackRock

BlackRock helps investors build better financial futures. As a fiduciary to our clients, we provide the investment and technology solutions they need when planning for their most important goals. As of September 30, 2018, the firm managed approximately \$6.44 trillion in assets on behalf of investors worldwide. For additional information on BlackRock, please visit www.blackrock.com/au

About iShares

iShares unlocks opportunity across markets to meet the evolving needs of investors. With more than twenty years of experience, a global line-up of 800+ exchange traded funds (ETFs) and \$1.8 trillion in assets under management as of September 30, 2018. iShares continues to drive progress for the financial industry. iShares funds are powered by the expert portfolio and risk management of BlackRock, trusted to manage more money than any other investment firm¹.

¹ Based on \$6.44 trillion in AUM as of 9/30/18

Important Information

Issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975, AFSL 230 523 (BIMAL) for the exclusive use of the recipient, who warrants by receipt of this material that they are a wholesale client as defined under the Australian Corporations Act 2001 (Cth) and the New Zealand Financial Advisers Act 2008 respectively.

This material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances. Before making any investment decision, you should therefore assess whether the material is appropriate for you and obtain financial advice tailored to you having regard to your individual objectives, financial situation, needs and circumstances. This material is not a financial product recommendation or an offer or solicitation with respect to the purchase or sale of any financial product in any jurisdiction.

This material is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. BIMAL is a part of the global BlackRock Group which comprises of financial product issuers and investment managers around the world. BIMAL is the issuer of financial products and acts as an investment manager in Australia. BIMAL does not offer financial products to persons in New Zealand who are retail investors (as that term is defined in the Financial Markets Conduct Act 2013 (FMCA)). This material does not constitute or relate to such an offer. To the extent that this material does constitute or relate to such an offer of financial products, the offer is only made to, and capable of acceptance by, persons in New Zealand who are wholesale investors (as that term is defined in the FMCA).

BIMAL is the local agent and intermediary for non-Australian domiciled iShares ETFs referred to in this material that are quoted on ASX and are issued by iShares, Inc. ARBN 125632 279 formed in Maryland, USA; and iShares Trust ARBN 125 632 411 organised in Delaware, USA (International iShares ETFs). BlackRock Fund Advisors (BFA) serves as an advisor to the International iShares ETFs, which are registered with the United States Securities and Exchange Commission under the Investment Company Act of 1940. BFA is a subsidiary of BlackRock Institutional Trust Company, N.A. (BTC). BTC is a wholly-owned subsidiary of BlackRock, Inc. © An iShares ETF is not sponsored, endorsed, issued, sold or promoted by the provider of the index which a particular iShares ETF seeks to track. No index provider makes any representation regarding the advisability of investing in the iShares ETFs. Further information on the index providers can be found in the BIMAL website terms and conditions at www.blackrock.com.au.

This material has not been prepared specifically for Australian or New Zealand investors. It may contain references to dollar amounts which are not Australian or New Zealand dollars and may contain financial information which is not prepared in accordance with Australian or New Zealand law or practices. The fund(s) detailed in this material are not registered for public distribution in Australia. The laws and regulations of any such fund's country of domicile and registration may differ from those in Australia and therefore may not necessarily provide the same level of protection to investors as schemes registered in Australia and subject to Australian regulations and conditions.

BIMAL, its officers, employees and agents believe that the information in this material and the sources on which it is based (which may be sourced from third parties) are correct as at the date of publication. While every care has been taken in the preparation of this material, no warranty of accuracy or reliability is given and no responsibility for the information is accepted by BIMAL, its officers, employees or agents.

Any investment is subject to investment risk, including delays on the payment of withdrawal proceeds and the loss of income or the principal invested. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and operations may differ materially from the forecasts, estimates and opinions set out in this material. No guarantee as to the repayment of capital or the performance of any product or rate of return referred to in this material is made by BIMAL or any entity in the BlackRock group of companies.

If you would prefer not to receive future email communications of a marketing nature from BIMAL, please click [here](#). For more information on BIMAL's privacy policy, please click [here](#).

No part of this material may be reproduced or distributed in any manner without the prior written permission of BIMAL.

© 2018 BlackRock, Inc. All Rights reserved. BLACKROCK, BLACKROCK SOLUTIONS, iSHARES and the stylised i logo are registered and unregistered trademarks of BlackRock, Inc. or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.